

# MEMORANDUM

**DATE:** July 6, 2006

**TO:** DWC Medical Provider Network Liaisons

**FROM:** Kathy Dervin, DWC Managed Care Manager

**SUBJECT:** Important Medical Provider Network Update

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The Division of Workers' Compensation ("DWC") wants to alert you to the following important issues that have arisen since the implementation of many Medical Provider Networks ("MPNs").

## **Revocation of MPNs**

- In recent months, numerous MPNs have had their approvals revoked because DWC found that they were either ineligible to apply for a MPN at the time of their application or because their eligibility status changed after they implemented a MPN.
- If a MPN applicant's eligibility status changes, for example, from self-insured to insured, DWC needs to be informed of the change before it becomes effective to ensure compliance with the MPN regulations. If the change in eligibility status will render you ineligible to have a MPN, it is critical that you consult with DWC prior to the change for guidance on how to handle the transition.
- The applicant should file a *Notice of Material Modification form 9767.8*. The applicant should check the box for "Other" modification and state the change in applicant status and the effective date of the change. Please submit this to DWC as soon as possible prior to the change in status for additional guidance, particularly when the MPN is being terminated as a result of the status change. (See below.)
- DWC expects that the applicant status marked on each MPN application is verified and up-to-date for all MPN applications submitted. If DWC finds that the information submitted is incorrect and the applicant is ineligible, the applicant will not be allowed to have a MPN during the period of ineligibility.

## **Material Modification Updates**

- Many MPNs have failed to notify DWC of material modifications to its MPN plan and policies, such as when there is a change in DWC Liaison, 10 percent or more change in provider numbers or change of 25% or more of covered employees. Any material change made to the MPN plan or policies should be reported to DWC. Please refer to Title 8 CCR §9767.8 for more information on what changes require a material modification filing.

- Please be aware that material modifications are not limited to those listed in 8 CCR §9767.8. Other material modifications include a termination of MPN, change of MPNs, or a change in MPN applicant eligibility status. Changes in carriers or TPAs may also result in material modifications to a MPN.
- Please consult with DWC to determine if a change is material and for assistance in having continuous MPN coverage during MPN changes.

### **Termination or Cessation of Use of a MPN**

- Some MPN applicants have decided to terminate or cease to use their MPNs. For termination or cessation of use of implemented MPNs, the MPN applicants should consult with the Managed Care Unit at DWC for guidance in having a smooth transition. The MPN applicant should file with DWC a *Notice of Material Modification form 9767.8*. The applicant should check the “Other” box and state the effective date of the termination or cessation of use of the MPN and submit for DWC’s review a copy of the letter of notification of MPN termination to employees prior to its distribution to employees.
- Please note that a regulation regarding the process for termination of MPNs will be included with the benefit notice regulations that will begin rulemaking in the near future. Please check the DWC website for further information.

### **Withdrawal of non-implemented MPN**

- For withdrawal of approved but non-implemented MPNs, please send DWC a letter signed by the authorized representative of the MPN applicant requesting withdrawal of the MPN. The MPN’s approval number and a statement affirming that the MPN was not yet implemented should be included in the letter.

### **Complaints**

DWC is currently collecting, compiling and investigating complaints on MPN compliance with the regulations.

- DWC Liaisons  
During our complaint investigations, we have found that many DWC Liaisons had been changed or were non-responsive. This has delayed resolution of problems and complaints against MPNs. Please ensure that the DWC Liaison is available to respond quickly to complaints and to questions from DWC staff. If a DWC Liaison is temporarily unavailable to talk to DWC staff, please make available someone who is knowledgeable about MPNs to discuss issues with DWC staff.
- Provider Networks  
DWC has been consistently receiving complaints about network providers who refuse to treat employees with workers’ compensation injuries. We strongly encourage all MPNs to monitor and update their provider networks to ensure that their providers treat injured workers so that MPNs can properly function. Lack of monitoring in this area will reduce the quality of medical care injured workers are entitled to and puts MPNs at risk for losing control over employees medical treatment.

➤ Access to Provider Listings

MPN provider access information, such as passwords to online provider directories, should be fully accessible to covered employees. Also, DWC has received complaints that regional provider listings are not being provided to employees. It is in the MPN's interest to ensure that employees have access to MPN providers, as failure to provide the requisite or adequate provider lists may result in the employee being allowed to treat outside the MPN.

**HCO Users**

- For MPN applicants using HCOs, please be aware that if the HCO you are using undergoes a material modification, e.g., changes in provider network, the HCO changes trigger a material modification under 8 CCR §9767.8 for any MPN using that HCO provider network. Accordingly, a MPN is expected to file a MPN material modification as soon as possible after its HCO provider network has been materially modified.

**Managed Care Unit Changes**

- I will no longer be working for DWC after July 6. Until further notice, please direct your general MPN inquiries to Mae Gong at 510-286-7100 or email her at mgong@dir.ca.gov.

I hope this information assists you with the operations of your MPN. Thank you for your continued cooperation.